



STATE OF WASHINGTON

OFFICE OF THE FORECAST COUNCIL

*Capital Plaza Building, PO Box 40912 • Olympia, Washington 98504-0912 • (360) 570-6100*

July 11, 2002

**TO:** Senator Sid Snyder, Chair  
Senator Dino Rossi  
Representative Jack Cairnes  
Representative Jeff Gombosky  
Marty Brown, OFM, Director  
Will Rice, DOR, Acting Director

**FROM:** Chang Mook Sohn, Executive Director  
Office of the Forecast Council

**SUBJECT:** July 10, 2002 REVENUE COLLECTION REPORT

General Fund-State collections in the June 11- July 10, 2002 period were \$27.6 million more than expected. Most major revenue sources were above the forecast for the month. Revenue Act sources (sales, use, B&O, public utility and tobacco products) were \$12.3 million more than expected, while Non Revenue act sources (primarily, property, real estate excise and "other") were \$15.2 million more than expected. While preliminary June employment numbers for the state again shows a small decline, this was expected. The higher than expected revenue, especially the \$12.3 million positive Revenue Act variance, indicates that revenue for the month is doing better than expected and the June forecast is pretty much on track.

Revenue act receipts in the June 11- July 10 collection period (primarily reflecting May 2002 business activity of monthly taxpayers) increased 3.0 percent from the year-ago level, after adjusting for special factors. This is the strongest growth since April 2001. Collections increased 0.7 percent last month. Revenue Act receipts have not increased two months in a row since October and November of 2001.

Preliminary data on taxes paid during the June 11- July 10 collection period indicate positive growth in the retailing sector but declines in most non-retailing sectors. Growth in all major retailing sectors was in the low single digits with the exception of food stores, which reported a small decline in tax payments. General merchandise retailers reported a modest 2.1 percent increase in tax payments. Tax payments reported by the auto/gasoline sector were also up a modest 2.5 percent. On the other hand, use tax payments reported by the Department of Licensing (primarily from the sales of used vehicles) was up more than 18.0 percent for the month. Most non-retailing sectors reported year-over-year declines in tax payments in the low to mid single digit range. The largest decline was a 12.0 percent drop reported by the hotel/motel sector.

Memo to Forecast Council Members  
July 11, 2002  
Page Two

Non Revenue Act General Fund receipts collected by the Department of Revenue were \$15.2 million more than the forecast in June. All major taxes with the exception of the estate tax were higher than the estimate for the month. Property tax (state levy) payments were \$10.2 million higher than the forecast for the month and accounted for the majority of this month's positive variance. Real estate excise tax receipts were \$1.4 million above the estimate and the "other" category (primarily unclaimed property transfers and miscellaneous receipts) were \$3.3 million higher for the month.

Real estate excise activity was again better than expected this month. Taxable activity increased 9.0 percent in May (real estate closings in May reflect real estate excise payments to the state in June) after increasing 7.0 percent last month. Both the number of transactions and the average price per transaction were up this month. This was the first increase in average price per transaction since June of last year.

General Fund-State revenue collected by the Department of Licensing (primarily license fees) were \$125,000 above the forecast in June.

The attached Table 1 provides a comparison of collections with the June forecast for the June 11- July 10, 2002 collection period. The variance for the month and the year-to-date are virtually identical in Table 1 because the June monthly estimates have been adjusted to reflect actual collections through June 10, 2002. Table 2 compares revised collection figures to the preliminary numbers reported in last month's collection report.

CMS:cg

Attachments

**TABLE 1**  
**Revenue Collection Report**  
**July 10, 2002 Collections Compared to the June 2002 Forecast**  
**Thousands of Dollars**

<u>Period/Source</u>	<u>Estimate*</u>	<u>Actual</u>	<u>Amount</u>	<u>Difference</u> <u>Percent</u>
<b>June 11 - July 10, 2002</b>				
Department of Revenue-Total	\$1,008,639	\$1,036,153	\$27,515	2.7%
Revenue Act** (1)	632,386	644,646	12,260	1.9%
Non-Revenue Act(2)	376,253	391,508	15,255	4.1%
Liquor Sales/Liter	7,142	7,696	554	7.8%
Cigarette	5,471	5,631	160	2.9%
Property (State School Levy)	292,125	302,306	10,180	3.5%
Estate	7,001	6,647	(354)	-5.1%
Real Estate Excise	37,385	38,813	1,428	3.8%
Timber (state share)	0	0	(0)	NA
Other	27,128	30,414	3,286	12.1%
Department of Licensing (2)	4,627	4,752	125	2.7%
Lottery (5)	0	0	0	NA
<b>Total General Fund-State***</b>	<b>\$1,013,266</b>	<b>\$1,040,906</b>	<b>\$27,640</b>	<b>2.7%</b>
<b>Cumulative Variance Since the June Forecast (June 11 - July 10, 2002)</b>				
Department of Revenue-Total	\$1,008,639	1,036,153	27,515	2.7%
Revenue Act** (3)	632,386	644,646	12,260	1.9%
Non-Revenue Act(4)	376,253	391,508	15,255	4.1%
Liquor Sales/Liter	7,142	7,696	554	7.8%
Cigarette	5,471	5,631	160	2.9%
Property (State School Levy)	292,125	302,306	10,180	3.5%
Estate	7,001	6,647	(354)	-5.1%
Real Estate Excise	37,385	38,813	1,428	3.8%
Timber (state share)	0	0	(0)	NA
Other	27,128	30,414	3,286	12.1%
Department of Licensing (4)	4,627	4,752	125	2.7%
Lottery (5)	0	0	0	NA
<b>Total General Fund-State***</b>	<b>\$1,013,266</b>	<b>\$1,040,906</b>	<b>\$27,640</b>	<b>2.7%</b>

1 Collections June 11 - July 10, 2002. Collections primarily reflect May 2002 activity of monthly taxpayers.

2 June 1-30, 2002 collections.

3 Cumulative collections, estimates and variance since the June 2002 forecast; (June 11-July 10, 2002) and revisions to history.

4 Cumulative collections, estimates and variance since the June 2002 forecast;(June 2002) and revisions to history.)

\* Based on the June 2002 economic and revenue forecast.

\*\*The Revenue Act consists of the retail sales, B&O, use, public utility, tobacco products taxes, and penalty and interest.

\*\*\* Detail may not add due to rounding. The General Fund-State total in this report includes only collections from larger state agencies: the Department of Revenue and the Department of Licensing.

**TABLE 2**  
**June 10, 2002 Collection Report - Revised Data**  
**Thousands of Dollars**

<u>Period/Source</u>	<u>Collections</u>		<u>Difference</u>	
	<u>Preliminary</u>	<u>Revised</u>	<u>Amount</u>	<u>Percent</u>
<b>May 11 - June 10, 2002</b>				
Department of Revenue-Total	\$1,062,957	\$1,062,957	(\$0)	-0.0%
Revenue Act (1)	609,574	609,574	0	0.0%
Non-Revenue Act(2)	453,382	453,382	0	0.0%
Liquor Sales/Liter	6,891	6,891	(0)	-0.0%
Cigarette	4,074	4,074	(0)	-0.0%
Property (State School Levy)-net	377,747	377,747	0	0.0%
Property tax collections	377,747	377,747	0	0.0%
transfer to the Student Achievement Acct.	0	0	0	ERR
Estate	14,888	14,888	0	0.0%
Real Estate Excise	35,920	35,920	(0)	-0.0%
Timber (state share)	2,287	2,287	(0)	NA
Other	11,576	11,576	0	0.0%
Department of Licensing (2)	4,478	4,476	(2)	-0.0%
Lottery (2)	0	0	0	NA
Total General Fund-State***	\$1,067,435	\$1,067,433	(\$2)	-0.0%

**Cumulative Receipts: Feb 11 - June 10, 2002 & Revisions to History**

Department of Revenue-Total	3,203,368	\$3,203,368	(\$0)	-0.0%
Revenue Act (3)	2,498,245	2,498,245	(0)	-0.0%
Non-Revenue Act(4)	705,123	705,123	(0)	-0.0%
Liquor Sales/Liter	27,157	27,157	(0)	-0.0%
Cigarette	18,214	18,214	0	0.0%
Property (State School Levy)-net after transfer	449,725	449,725	0	0.0%
Property tax collections	449,725	449,725	0	0.0%
transfer to the Student Achievement Acct.	0	0	0	NA
Estate	48,312	48,312	(0)	-0.0%
Real Estate Excise	119,787	119,787	(0)	-0.0%
Timber (state share)	4,460	4,460	(0)	NA
Other	37,469	37,469	(0)	-0.0%
Department of Licensing (4)	8,528	8,536	8	0.1%
Lottery (4)	0	0	0	NA
<b>Total General Fund-State***</b>	<b>\$3,211,895</b>	<b>\$3,211,903</b>	<b>\$8</b>	<b>0.0%</b>

P-Preliminary. Reported in the June 10, 2002 collection report.

R Revised data.

1 Collections May 11 - June 10, 2002. Collections primarily reflect April 2002 business activity of monthly taxpayers.

2 May 1-31, 2002 collections.

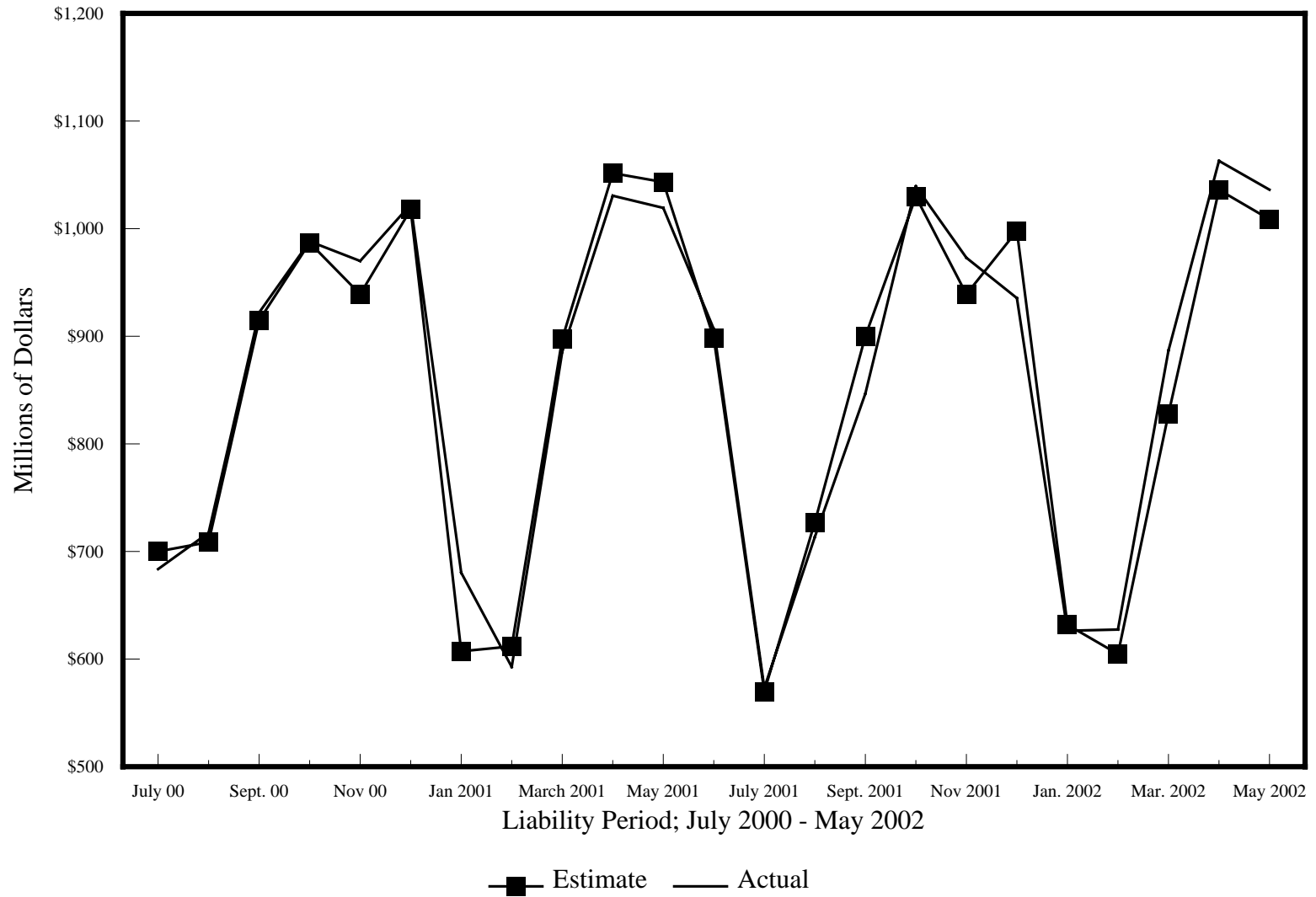
3 Cumulative variance for since the Feb. 2002 forecast: February 11 - June 10, 2002 & revisions to history.

4 Cumulative variance: since the June 2002 forecast (February 2002- May 2002 ) & revisions to history.

\* Revenue consists of the retail sales, B&O, use, public utility and tobacco products taxes, and penalty and interest payments for these taxes.

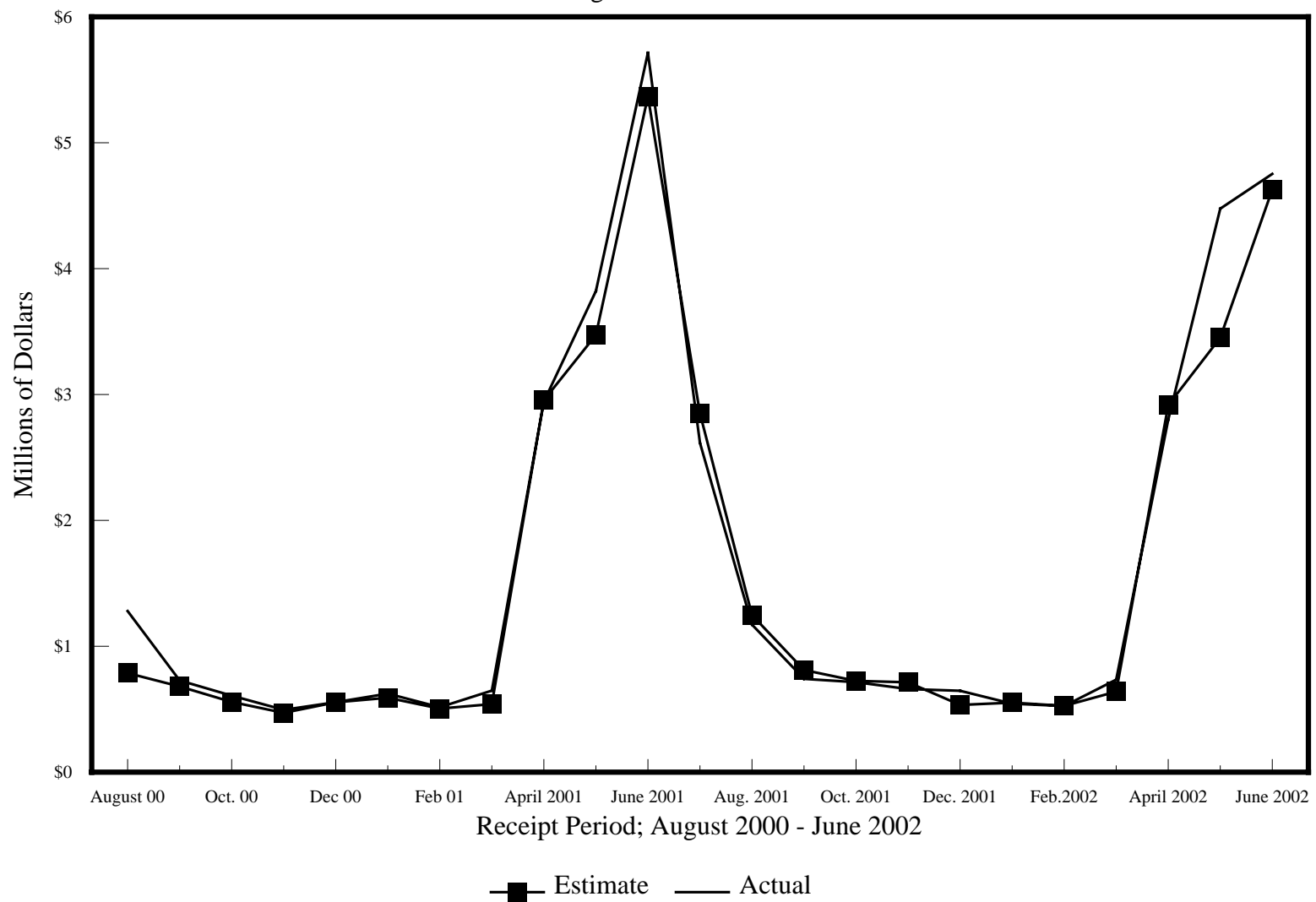
# Department of Revenue: General Fund-State, Actual vs. Estimate

July 2000 to May 2002



# Department of Licensing General Fund-State, Actual vs. Estimate

August 2000 to June 2002



# Revenue Act Net Collections

Year-over-Year Percent Change

